

## **ASSESSMENT OF POVERTY IN JORDAN, 1990-2005**

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### **Abstract**

Jordan is small country with limited resources , the economy of Jordan is characterized by a high rate of population growth , low participation rates in employment a limited size of domestic market , and a high dependency on external sources . The purpose of this paper is to draw lessons for improving the policy design of poverty alleviation schemes in Jordan . The conclusion herein are based on analysis poverty in Jordan and assessment of the impact of institutions and organizations programs on poverty alleviation in Jordan .

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### **1. Introduction**

Since the independence in 1946, Jordan witnessed remarkable economic, social and demographic changes. These changes affected the Jordanian population structure and economic performance. However, the population of Jordan doubled more than seven times during the period 1946-2005, of which about 40% are in the age group of less than 15 years old.

In Jordan, poverty is defined on the basis of the inability to satisfy the minimum standard of the basic needs; food, shelter, clothes, education, health and transportation. Those who are severely below the poverty line are largely involved in subsistence type activities for which they get exploitatively poor returns despite suffering extreme physical hardship and undertaking grave risk so as to earn a meager income . Since earnings are below even the margins of existence, expenditure and survival needs exceed income. This often results in

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the needs to borrow small amounts of money at low interest rate. When borrowing is not possible, hunger is suffered.

To identify who are the poor, and their characteristics, a poverty line should be drawn to distinguish between the poor and the non-poor. This poverty line approach, which is widely, is followed in Jordan, to estimate total income or expenditure needed to satisfy the basic needs. Therefore, two poverty lines were identified; abject poverty line and absolute poverty line. Abject poverty line is the minimum value of the nutritional items that generate the daily needed calories to preserve human's life and ability to work. Absolute poverty line is the minimum income or expenditure that satisfies basic human needs.

Before mid-1980's poverty in Jordan was not seen as a problem, where interest was emphasizing income distribution. However, since the mid-1980's poverty became one of the challenges facing the Jordanian economy, due to certain politics and procedures taken to tackle the economic deterioration, these policies were harmful for low income and vulnerable groups of the society.

Actual and percival changes in poverty in the 1990's were influenced by the economic crisis in the late 1980's, structural adjustment and social protection policies implemented in the 1990's, and external changes such as the return of Jordanian workers from Kuwait following the 1990/1991 Gulf War and the Middle East Peace Process. Jordan's economic crisis in the late 1980's led on overall declines in average income, a substantial increase in poverty, and worsening inequality. Between 1986 and 1992, averages per capita expenditure fall by 22 percent. The head count index of poverty increased from 3.7 percent to approximately 5 percent, and inequality increased (see World Bank Poverty Assessment).

### **Objectives of the study**

The main objective of this paper is to presents and analyses the poverty in Jordan. More specifically, the main objectives are :

1. To highlight poverty alleviation policies in Jordan .
2. Assessment of the impact of government programs on poverty alleviation .
3. To show the impact of economic shocks on poverty .
4. To suggest measures to improve the policy design of poverty alleviation schemes .

### **Research methodology**

The research methodology provides a systematic approach to fulfill the desired objectives as mentioned in the study. It is both descriptive and analytical study based on the secondary data obtained from various sources.

### **Period of the study**

The present study covers the period of 1990 – 2005 . The main reason for the selection of this period is that the first economic shock was on 1988 which was the 50% devaluation of Jordan Dinar , since then the poverty started to increase in Jordan . Thus, the study covers a period of one decade and half which are very relevant for the assessment poverty in Jordan

## **2. Related Literature: Review of Literature**

The review of literature covers some important studies relating to poverty in Jordan. The objective of this brief review is only to present a comprehensive idea about poverty in Jordan.

The study made by Ministry of Social Development , (1989) , Amman , “Pockets of Poverty” indicates that a minimum amount of calories needed to keep individuals active and carry on his duties were calculated from various foods items, and the cost of certain baskets of food according to 1987 prices were calculated for different regions. The study estimated abject poverty line for a family of 7.2 persons by JD. 40.5 per month\* and absolute poverty line by JD. 89 . Accordingly, by using 1987 income and expenditure survey data , about 18.7 percent of the Jordanian families were in absolute

poverty, of which 1.5 percent in abject poverty. Therefore, poverty gap was estimated by JD. 25.5 million.

A special report "Poverty Report: Status and Characteristics" , (1993), estimated abject poverty line for a family of 6.8 persons by JD. 61 per month (Approximately \$90) , and absolute poverty line by JD. 119 per month for family paying rent and JD. 97 for family did not pay rent . However, this study referred to the implications of the increase in the public sector employees salaries by JD. 10 in early 1993, which led to decrease the percentage of families in absolute poverty to about 18.3 percent , and those in abject poverty to about 5.3 percent in 1993.

The World Bank study "Poverty Assessment" , (1994), estimated abject poverty line for an individual per year by JD. 104 , and absolute poverty line by JD. 139 . Accordingly, about 19.8 percent of Jordan's population was in absolute poverty, of which 8.9 percent in abject poverty.

A special report made by Ministry of Social Development, "Poverty and Unemployment in Jordan" (1998) , by using the 1997 prices. The study estimated abject poverty line for families of 6.1 persons by JD.79.8 per month, and absolute poverty line by JD. 191 per month . By Applying those findings to the 1996 employment , unemployment and income survey data, it is estimated that about 26 percent of the Jordan families were in absolute poverty, of which 4.5 percent in abject poverty.

The World Bank in a study "Poverty Alleviation in Jordan", (2001), appointed that there is widespread belief that poverty actually increased in Jordan during the mid-1990s. This belief is partly in reaction to declining overall per capita income since 1996 in the context of expectations of rapid economic improvement following the 1994 Jordanian-Israeli Peace Treaty. In addition, poverty in Jordan in 1997 remained far higher than it was in 1987 .

### **3. Economic Shocks and Poverty:**

Poverty could result from transient phenomena and sudden shocks such as crop failure. The impact of such shocks can be transient in the event of the household being able to sell assets or borrow or

generate income from alternative employment opportunities that enable it to wait for income from the next harvest. However, if the household has no assets to sell or no access to credit, or is able to borrow at exploitative rates of interest and gets into a debt trap, shocks can have long duration ramifications in terms of pushing households below the poverty line . Shocks can also result from factors such as health problems of income earners, changes in policy, technological change and global competition changing market demand.....etc.

Actual and perceived changes in poverty in the 1990s were influenced by the economic shock in the late 1980s , structural adjustment and social protection policies implemented in the 1990s , and external changes such as the return of Jordanian workers from Kuwait following the 1990/1991 Gulf war and the middle east peace process.

Jordan's economic shock in the late 1980s led to an overall decline in average incomes as substantial increase in poverty, and worsening inequality. Between 1987 and 1992, average per capita expenditure fell by 22 percent, the head count index of poverty increased from 3.7 percent to about 15 percent and inequality increased.

After 1990, three political events had an important impact on Jordan's economy. First, the Gulf war in 1991 induced a large number of workers and their families to return from Kuwait to Jordan, along with of their assets, this return led to a mini-boom, particularly in construction . Second , the Jordanian-Israeli peace treaty of 1994 was presented in a manner that generated expectations of rapid economic improvements. Third, the Gulf war in 2003 created many problems to the Jordanian economy such as a decrease in exports and the deficit in the balance of payment increased .

The macroeconomic indicators in Jordan for the 1990-2005 period are summarized in table1. The table shows the growth of total GDP, the population growth rates which was unusual in the first half of the 1990s , because of the return migration. Table1 also shows the

slow down of the economic activity for the years 1996 and 1997, with a decline in per capita GDP.

Table 1 : Macroeconomic indicators in Jordan ( 1990 – 2005 )

	90	91	92	93	94	95	96	97	98	99
<b>Pop</b>	3.47	3.7	3.8	3.9	4.1	4.2	4.4	4.5	4.6	4.7
<b>GDP</b>	3.3	3.4	4.0	4.326	4.6	4.8	4.8	4.9	5.2	5.7
<b>Gdph</b>	975	931	1065	1083	1125	1127	1099	1075	1123	1219

	00	01	02	03	04	05
<b>Pop</b>	4.8	4.9	5.1	5.2	5.3	5.4
<b>GDP</b>	5.9	6.3	6.7	7.2	8.0	9.0
<b>Gdph</b>	1235	1278	1332	1382	1510	1646

Source : Department of Statistics Annual Statistics Bulletin

The Jordanian government responded to the economic crisis by implementing reform policies to enhance economic growth, reduce trade and fiscal imbalances, and protect the poor. A subset of the reform policies included the gradual elimination of general food subsidies for such goods as bread, rice, sugar, and powdered milk . Elimination of subsidies on basic food stuff , however, increased the burden for the average person. Despite the simultaneous adoption of some compensatory measures, especially to protect the poor, the removed of food subsidies is widely believed to have caused greater hardship and to have increased poverty even further. Moreover, attempts liberalize the economy along with the elimination of food subsidies are perceived to have caused even greater in equities .

## Poverty and inequality between 1990 and 2005

Table 2 , present the average per capita expenditure in 1990 and 2005 by decile (tenth) of the population , ranked by poorest (decile 1) to richest (decile 10 ) . There were gains for the poorest four tenths of the population , demonstrated by the increase in average per capita expenditure for decile 1 – 4 . Thus , the decile in over all per capita expenditure is driven by losses of the richer six tenths of the

population . Due to the worsening in per capita expenditure , both poverty and inequality increased .

Table 2 : Average per capita consumption expenditure 1990 and 2005

	1990	2005	% change
<i>Decile 1</i>	200	225	12.5
<i>Decile 2</i>	307	329	7.0
<i>Decile 3</i>	386	397	2.7
<i>Decile 4</i>	463	464	0.2
<i>Decile 5</i>	548	536	- 2.2
<i>Decile 6</i>	645	614	- 4.8
<i>Decile 7</i>	768	718	- 6.4
<i>Decile 8</i>	949	864	- 8.9
<i>Decile 9</i>	1255	1123	- 10.4
<i>Decile 10</i>	2590	2252	- 13.0

Source : Department of Statistics Annual Statistics Bulletin. Note : Decile 1 refers to the poorest one tenth of population , while Decile 10 refers to the richest one tenth of the population.

Table 3 , shows that the incidence of poverty increased from 14.4 percent in 1990 to 23.8 percent of the population in 2005 , using the poverty line of JD. 523 , the head count index of poverty was increased by 20 percent from 20.88 percent to 25.42 percent . The table shows that the number of poor people in Jordan was increasing between 1990 and 2005 because of population growth and bad economic activities. The number of poor people increased by about 213,000 people .

**Table 3 : Measures of poverty in Jordan ( 1990 – 2005 )**

	Up dated	official	High	
	Poverty	line	poverty	line
<i>Year</i>	1990	2005	1990	2005
<i>Poverty line</i>	261	392	304	523
<i>Poverty Measures</i>				
<i>Headcount index (%)</i>	14.42	23.88	20.88	25.42
<i>Poverty GDP index(%)</i>	3.58	6.23	5.56	7.97
<i>Squared poverty Gap index(%)</i>	1.33	2.71	2.18	3.37
<i>Absolute Magnitudes</i>				
<i>Number of poor people(thousand)</i>	554.3	766	802.6	1066
<i>Total poverty gap (current JD.millions)</i>	35.9	104	65.0	131
<i>Memorandum Items</i>				
<i>Total population (thousand )</i>	3.47	5.47		
<i>Per capita GDP (current JD.)</i>	975	1646.6		
<i>Survey per capita expenditure currentJD.</i>	595	730		

Source : Department of Statistics Annual Statistics Bulletin

### **Distribution from growth from 1990 onwards :**

All programs after 1990 were aimed at accelerating the development in conditions of stability and at reducing fluctuating in agricultural production as well as the impact of uncertainties in



foreign aid . Its objections were to raise the standard of living through programs which were at the same time designed to promote equality and social justice. The programs laid particular emphasis on improving the conditions of less privileged and weaker sections of society, especially through the provisions of employment and health. Efforts were also directed towards reducing the concentration and bringing about a wider diffusion , of wealth, income, and economic power . The special programs introduced for the poor may be categorized as “area development programs” and “family beneficiary programs”. The basic objections of these special programs were the transfer and creation of assets, skills development and creation of infrastructure as well as directly taking up developmental works in the backward areas .

Jordan faced a major economic crisis which rose from unstable political conditions and arise in the unemployment and inflation . Jordan government proposed the achievement of two main objections, (a) the removal of poverty and (b) the attainment of self-reliance through a higher rate of economic growth, better distribution of income, and a significant step-up in the domestic savings rate. The focus was the enlargement of the of the employment potential in agriculture and allied activities, encouragement to the household sector and small industries producing goods for mass consumption, and rising the incomes of the poor through a minimum needs program.

### **Agricultural Growth, Rural industrialization and Infrastructure:**

Jordan's development efforts in the past have led to the emergence of a very diversified and robust agricultural sector. According to the ministry of agriculture estimates, the animal husbandry sub sector has registered a higher average long-term growth rate of employment relative to agriculture (crop husbandry). Landless, marginal, and small farmers engage in this activity either on a full-time basis for gainful employment or as a way to supplement their income. Livestock development programs are suitable for the weaker sections of the rural population. Apart from offering substantial direct employment, the livestock segment also has a large built-in potential for generating indirect employment in

several ancillary activities such as manufacturing livestock food and the production of dairy and poultry equipment, in addition, a large number of animal-based industries use for example skins.

Providing access to institutional credit for small and marginal farmers and other weaker sections , to enable them to adopt modern technology and improved agricultural practices has been the major objective of the credit policy. Although there has been an overall increase in agricultural credit, there remains a grave problem concerning overdue payments which inhibited credit expansion and the economic viability of the lending institutions , especially cooperative and rural banks .

The promotion of village industries has been an integral part of Jordan planning. All the five year plans gave attention to improving productivity skills and opportunities in the rural areas .To encourage industry in the backward areas, schemes for a transport subsidy and an investment subsidy were designed. Small and village small scale industries were recognized as a major venue of employment in rural areas and semi-urban areas. The strategy of the plans has been one of encouraging research and innovation in traditional occupations, upgrading of technology, the dispersal of industries through the growth centre approach and the setting up of infrastructure and development centers for tiny units in rural areas. In the new economic order rural, industries will have to focus special attention on technological upgrading and modernization , in order to compete efficiently and increase productivity. Their product planning strategy must be reoriented to enhance their share in the domestic and international markets.

The marketing of farm products in Jordan operates under the normal forces of supply and demand . Private trade is the centre piece of the Jordan market mechanism. Government intervention is limited through mainly farm support policies and the promotion of organized marketing of agricultural commodities. A number of organizations and institutions currently function to deal with product and area-specific problems that have a bearing on production, pricing

and marketing of agricultural products. The most important of those institutions is agricultural loans institutions. Agricultural marketing is also closely linked to a network of cooperation at the primary , governate and national level .

### **Role of Institutional Programs:**

There are about 47 institutions and organizations involved in the social work in Jordan , of which 13 are governmental, 7 national, 8 non-governmental, 15 are regional and international and 4 are private institutions. However, some of these are involved in more than one program poor people. There are 15 international, governmental, and non governmental organizations sponsoring around 14000 income generating projects for women, the disabled, the unemployed and underprivileged individuals.

Prominent among these organizations the *Development and Employment Fund* (DEF). DEF enables ready individuals and households to engage in work and production by extending soft loans of up to JD. 10000 (US\$ 14000), to help them set up small scale projects that would contribute to further job opportunities and alleviate poverty. DEF also gives loans indirectly through the Jordanian Hashemite Fund for social development, the Agricultural Credit Corporation , the General Union of Voluntary Societies, and the Noor al-Hussein Foundation.

The *National Aid Fund* (NAF) has also financed over 6000 income-generating projects, the loans that will be repaid over a period of ten years with no interest . The Noor al-Hussein Foundation also provides interest-free loans. Projects by non-governmental charity and development organization have also addressed the challenge of poverty in Jordan. A partial list of these organizations includes the Zakat Fund , and the General Union of Voluntary Societies, which consist of more than 600 public service societies and charities, along with several foreign agencies. In addition, the Jordanian Hashemite Fund for Social Development plays a leading role in promoting social and economic development in rural areas. Perhaps more effective of all, however, are the strong

tightly-knife family structure and tribal links which help ease the plight of the poor and protect them from becoming homeless, as well increasing women participation in development.

Furthermore, there is the social security corporations which aim to improve and expand the protection , it provides to all members of community across the full range of contingencies , basic income security, as a result of old age and invalidity , work injury, disability and death. An important theme in the work of the cooperation is to ensure that social security policies are consistent with other policies related to poverty alleviation and that they are also compatible with economic constraints and institutional capacities . However, currently the social security system cover employees in the following fields:

- a) Employees in private sector firms that employ five or more persons.
- b) All employees and workers of government, ministries, public departments, and organizations that are not subject to the civil or military person schemes.
- c) All workers of greater Amman jurisdiction municipalities , village councils , universities , and institution .

#### **4. The Current Development Programs for Poverty Alleviation:**

Initially, Jordan adopted a development strategy which was based on the trickle-down concept. When that development strategy failed to meet the basic needs of thousands of rural poor, the need for direct intervention in favor of the poor was recognized. Consequently, the government embarked on the preparation and implementation of comprehensive and coherent anti-poverty programs. Some of them are briefly discussed below:

A) Public Assistance Program: to make up for the elimination of the food subsidies, the government rapidly expanded targeted cash assistance to chronically poor households through the National Aid Fund (NAF). It provides monthly cash transfer to the unemployable poor and to households without source of income. NAF also provides

loans for self employment, as well provides access to subsidized health care for poor household. The total cost of NAF increased from about JD. 7.4 million in 1992 to about JD. 30 million in 2005, of which 80 percent is in cash transfers. Due to certain weakness in its eligibility criterion , it reached only about 25 percent of the poor. These weaknesses are:

- 1- Excluding the working poor
- 2- Reducing benefits of Dinar-for-Dinar, when beneficiaries earn income, a work disincentive for some, and
- 3- It over-assists the smallest household at the expense of the larger households.

B) Self Employment Programs: Another component of the anti-poverty programs in Jordan was the self-employment program. Finding or creating jobs for the employable poor is the best long-term solution to the poverty problem. The two main avenues for this: 1- support and incentive to help the poor take jobs. 2- services for small and micro enterprises. Since small and micro enterprises are Jordan's best hope to provide jobs for rapidly growing labor force. They create jobs at a much lower cost than larger firms and are especially suitable for women and the disabled find employment. To expand successfully, they required entrepreneurship, business management skills, technical and marketing expertise and often credit. However, the impact of these programs has been limited. With strong institution building efforts, they could become intermediaries of commercial banks lending to small and micro enterprises.

C) Social Productivity Programs: The government of Jordan has launched the Social Productivity Program (SPP) in 2000. The SPP is a national program that aims to compact the problems of poverty and unemployment, by enhancing the overall social productivity of the nation with a focus on poor households. SPP will be implemented in two phases ; the First is expected to last about three years , while the Second would last for seven years . During phase – 1 , the government would launch monitor and evaluate to provide guidance for the improvement during the second phase .

The main goals of this program are :

1. to increase the income of the poor in order to lift all Jordanians households above the absolute poverty line
2. to improve the economic and investment opportunities for the poor and the unemployment through supporting and financing small micro enterprises projects .
3. to provide poor and the unemployed with access to provide job opportunities through training and employment facilities , and  
to improve living condition of the poor through providing good public infrastructure facilities and services .

### **Policy implications :**

The analysis of changes in poverty and the role of government programs has several key policy implication. These implications are applicable regardless of the specific poverty line or index under consideration. In addition, poverty monitoring is key in order to assess policy impact. Currently, measurement of poverty relies on the five yearly income and expenditure surveys. More frequent measurement through a compact module of household expenditure and income sources added to ongoing quarterly labor force surveys is recommended.

1) Sustainable reduction of poverty requires resumption and sustainable of growth.

Resumption of growth is badly needed in Jordan nor only to improve change standards of living but also no permit continued improvement in living condition of the poor. To start with public investment in health, education and transfer programs with a direct impact on the poor is more affordable by a growing economy than a stagnant economy. For example, Jordan's spending on cash and in-kind transfer to the poor is budgeted at 2 percent of GDP in 2005, which is relatively high by regional standards. Further more, expansion in finding transfer programs to the poor is difficult in a stagnant economy with high budget deficit. Moreover, Jordan is relatively moderate level of inequality coupled with the recent negative per capita GDP growth rules imply that the highest policy priority should

be given to growth-enhancing measures, as opposed to further reductions in inequality as an instrument of reducing poverty. This would be consistent with the evidence from international experience namely that growth is the most effective way of sustainable poverty reduction over the long run.

The sensitivity of poverty to growth or recession is particularly important in the case of Jordan. This is a result of the shallowness of poverty: many of the poor are concentrated close to the poverty line, which little presence of starvation or extreme poverty. Table 8 shows projected level of poverty, given the projected head per capita GDP growth rates for the period 1998-2006, and assuming that inequality does not change from its level in 1997. The graph shows that the headcount index has already increased from 11.7 percent in 1997 to 13.2 percent in 2005, an increase in the number of poor of about 150 000 people. This increase is in response to the deterioration in average per capita income.

To illustrate the importance of growth a counter-factual scenario is constructed in which the Jordanian economy has a real per capita growth rate of 1 percent per annum, starting from 1998. The count index in 1999 would have been 11 percent, and the number of poor people in figure 1 by about 127000 people. In addition, by the year 2005, the head count index would be expected to decline to 9.65, under the 1 percent annual real per capita growth rate, in contrast to the currently expected head count index of 13.2 percent. Yet the number of poor people is expected to remain at 540000 people in 2005, even with a 1 percent growth in real per capita income. The analysis suggests that at least a 1 percent growth rate is needed to prevent the absolute number of poor from increasing with the population increase. The outcome of this simulation exercise is roughly similar to the reduction in actual incidence of poverty, resulting from reduction in inequality, between 1992 and 1997. The importance of growth and increasing job opportunities was also identified as the main solution of poverty alleviation. The extent to which the poor will benefit from growth and increased job opportunities in Jordan depends partially on the operation of the labor market and the competition.

2) Vulnerability of the poor and near-poor to economic shocks is a key issue , requiring policy attention.

The current social safety net caters to those identified as permanently poor , but the government welfare program does not have the flexibility to quickly respond to the negative impact of economic shocks. The waiting period for determining eligibility is several months, and the criteria exclude those who are potentially employable. It is recommended that the government seriously consider the development of policies or mechanisms that flexibly and quickly respond to alleviate the impact of negative economic shocks. An example could be a community-based “public works” program that relies on self-selection to employ workers immediately at low wages, minimizing the potential negative impact on the labor market and generating local public goods. By providing an element of insurance for low-income people against negative shocks , such a program would also encourage risk-taking behavior that may lead to higher incomes in the long run . It may be possible to consider this proposal on a pilot basis through the community infrastructure project of SPP. Based on the experience of other countries , the actual implementation of public works program , however, should be preceded by the appropriate institutional design to ensure its success.

3) Although government transfer programs have been effective in reducing poverty, additional poverty alleviation requires performance within existing government programs.

Improvement in the poverty alleviation programs requires institutional and capacity strengthening of National Aid Fund (NAF). The ambiguity of NAF’s organizational links to the Ministry of Social Development (MOSD) needs to be resolved . Currently, NAF has financial autonomy but lacks the corresponding administrative autonomy , leading to ambiguity in the performance accountability of this improvement institution . One solution would be to integrate NAF fully within the MOSD like any other department in which case the Minister would become fully responsible and accountable for its operations and performance . Another solution would be to give NAF greater administrative autonomy with its head accountable and responsible for its operations and performance .



The mission of NAF is another area that could be better defined . While NAF's main function is cash transfer to the needy poor , it also carries out micro-credit programs, wage subsidies, and other activities with the objective of poverty reduction . Having a focused mission would help NAF improve its performance . Additionally, the efficiency of NAF's business operations could be substantially improved to reduce the waiting time for establishing eligibility and to enhance the monitoring of its beneficiaries . Improvement in NAF's business operations could include computerization , of NAF's social workers , and decentralization of decision making.

4) Human resource development of the poor is important if they are to benefit from growth and increased job opportunities:

Jordan has very good overall indicators of health and education. Poor people benefit from broad access to publicly provided basic services in these areas . In addition , enrollment rates in secondary and university education are higher groups in Jordan . Increasing the emphasis on access of the poor to good health and education is critical if they are to benefit from economic growth and increased job opportunities.

## **5. Conclusions:**

Several important new schemes for social uplift and poverty alleviation have been launched in Jordan after 1990, including government programs, Development and Employment Fund (DEF) loans, and the National Aid Fund (NAF) loans...etc. The weaker services , especially inequality and a decrease in the purchasing power of income due to the continuous increase in prices have been given importance in special programs on poverty alleviation and employment as well as in several programs.

The above discussion have underlined that despite the progress of economic reforms in Jordan since 1990, the emphasis on poverty alleviation programs has not diminished . Government intervention has continued in all rural development and wealth programs. The

revised development strategy lays great emphasis on providing employment opportunities to the rural poor. The other anti-poverty programs have also restructured to equip them to achieve their objective of poverty alleviation . Several government programs are aimed at strengthening the rural markets to make agricultural produce more economic for the benefit of the rural poor.

Government transfers had a role in bringing poverty down, but budgetary constraints limit their expansion and , in a recessionary economy, also their sustainability. After several years of negative growth in per capita incomes , Jordan needs to resume growth to reduce poverty as well as improve overall standards of living . The current government welfare program aims at the poor. It is therefore not equipped to respond flexibly and quickly enough to relieve any hardship resulting from a negative shock. One mechanism for reducing the vulnerability of the poor and near-poor to negative shocks is through community-based public works programs that offer jobs at low wages . These mechanisms provide insurance to low-income households , encourage risk-taking , and lead to higher incomes in the long run . Increased reliance on targeted cash assistance has real a measurable impact on poverty alleviation . Yet more could be achieved with the reliable resources if implementation inefficiencies are overcome. National Aid Fund (NAF) requires capacity and institutional strengthening in such areas as its organizational structure, mission, and business operations. Increasing job opportunities is important role to permit the poor to benefit from growth . Although overall indicators of literacy and health are good in Jordan , the profile of the poor clearly indicates that the educational attainments of the household directly impact the incidence of poverty. It is important to continue investing in the health and education of the poor so they will be able to benefit from higher growth and increased job opportunities.

Due to economic recession and political development in the region, most of these markets closed for the Jordanian product . This closure negatively affected industrial sector in Jordan which in turn affected economic growth as well as employment. Moreover, wages

went down, living condition for certain groups worsened and poverty increased. This is because the industrial sector in Jordan found to be lacking competitiveness in other markets, and lacking a proper infrastructure to meet the international development especially globalization. Therefore, at least in the short-run, globalization will not be a beneficiary to the Jordanian economy in general and the poor in particular.

In the light of the above discussion, the present study suggests that:

1. Restructuring and Expansion of National Aid (NAF), developing the institutional capacity of NAF in order to improve the efficiency and effectiveness of its services and its targeting practices, expanding the NAF's coverage base to reach a larger percentage of the poor by modifying its eligibility criterion, introducing a complementary income project to bridge the gap between available income and poverty line, and introducing a pilot wage subsidy scheme to encourage the private sector in providing employment opportunities for the poor.

2. Community Infrastructure Development Program. It is necessary to upgrade the essential physical and social infrastructure in poor communities, strengthening the institutional capacity of infrastructure services providers including the implementation agencies and implementing an integral community development project in five pilot communities.

3. Small and Micro Enterprises Development Program . Developing and enhancing the capacity of micro-finance intermediaries to be more efficient and effective in delivering sustainable financial and non-financial services developing and an effective and proactive financial mechanism with commercial banks that provides small and micro entrepreneurs with sustainable access to financial services, creating a client-friendly for small and micro enterprises through implementing reforms in the policy and legal framework , and providing small entrepreneurs with access to business services in order to develop their entrepreneurial and traits skills.

4. Training and Employment Support Program . Developing and financing market-driven and on-the-job training which is responsive to the private sector needs , facilitating job placement through market-based incentive system for the private sector and providing the development of private job placement agencies for workers seeking employment domestically and abroad, and developing and building a labor market information system to monitor the operations of labor markets, and make efficient use of the existing sources of labor market information.

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